

# STARK OPENING REMARKS AT HEARING ON HEALTH SAVINGS ACCOUNTS AND HIGH DEDUCTIBLE HEALTH PLANS

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WASHINGTON,  
D.C. -- Representative Pete Stark (D-CA), Chairman of the Ways and Means Health Subcommittee, prepared the following opening remarks for today's hearing on Health Savings Accounts and High Deductible Health Plans:

"In the context of health reform discussions, some argue 'consumer driven plans' -- often the softer, fuzzier term for those that cost shift to patients -- offer an effective or even efficient option to expand coverage to the uninsured and shore up existing coverage. Nothing could be further from the truth.

"While they currently affect a very small percentage of those with insurance, the ideology behind it seems to be what motivates some of our friends across the aisle and implications of widespread adoption are cause for alarm for us all.

"The MMA encouraged the adoption of high deductible plans by creating Health Saving Accounts (HSAs) that permit unprecedented tax-free savings for health care if one enrolls in a

qualified plan.

"GAO will confirm that HSAs are disproportionately used by and benefit high income people. Their previous research also suggests that these plans attract healthier people than average, too. The selection of healthy and wealthy people, if these plans were widely adopted, would lead to a devastating cost increase for all who decided to remain in conventional insurance.

"It is a waste of resources to forego revenue to advance that goal. We need to focus on measures that help decrease costs and increase access, not the reverse.

"Consumer driven" or high deductible health plans are yet another instance in which the conservative rhetoric doesn't match the reality. These plans simply shift costs and responsibilities to consumers.

"Control may sound good generically, but health care is one area where no one is ever clearly in control. Some argue that consumers will make better decisions if they have more 'skin in the game.' But health care is not a rational economic market. It is not, and will never be, like buying a car.

"People often make health care decisions when they are sick and at their most vulnerable. Consumers Union, which publishes Consumer Reports, has submitted written testimony to this effect.

"High-deductible plans, especially in the non-group market, often exclude basic benefits. In Mr. Camp's district, we couldn't find a HSA-qualified plan that covered maternity care out of >30 options. Even in my district, only four did.

"While HSA-eligible high deductible plans MAY exclude preventive benefits from the deductible, most don't. While some employers MAY contribute to the accounts, most don't.

“Even Mr. Sensor’s organization  
— the witness invited to champion this model -- only contributes \$100  
to the HSA. That’s not in his testimony, but is in information he has  
separately provided to the Committee. That’s probably why few of their  
employees have taken up that option.

“Most of his  
employees in the HRA-affiliated plan, where they essentially get first  
dollar coverage with no copayments at all, given the employer  
contribution. There appears to be no risk or potential loss for the  
employee and no risk for the employer, since they retain the unspent  
funds in the account.

“The good things Alegent does in  
terms of disease management can — and should -- be done in conventional  
plans, too. Simply shifting costs to patients is not going to result in  
overall savings. It certainly doesn’t encourage people to get needed  
preventive care.

“It will, however, discourage lower  
and middle income people from seeking care when they need it. Seems  
penny-wise and pound-foolish to me.

“If these plans  
were widely adopted, they might increase costs to our health care  
system, not to mention increase the uninsured while eroding the level  
of coverage among those fortunate enough to have insurance today.

“We  
must not be distracted from our goal of ensuring guaranteed, quality,  
affordable health care for all. Before I close, I want to note that we  
may hear a lot of talk today about how important it is to have better  
information. I agree.

“But that is a red herring used to advance this destructive policy.

“Let’s  
get good information and put it in the right hands at the right time.  
That’s a separate topic for another day. I look forward to hearing from  
our witnesses today.”